



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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November 1, 2001

Mr. Steve Flechner
North Lily Mining Company
1800 Glenarm Place
Denver, Colorado 80202

Re: Bond Release Information Request and Revised Reclamation Schedule, North Lily Mining Company, Tintic Project M/023/007, Juab County, Utah

Dear Mr. Flechner:

During our conference call on October 31, 2001, you and Bob Bayer of JBR Consultants asked for an estimate on how much bond the Division would be willing to release upon successful completion of the remaining reclamation work at North Lily's Tintic Project. You also indicated that it would be difficult to complete the remaining reclamation work by the current November 9, 2001 deadline.

As you know the Division has retained \$32,500 for the remaining reclamation and monitoring requirements at the project site. Based upon your request, Division staff reevaluated the existing bond estimate. We have reworked some of the numbers to reflect the possible need to perform supplemental revegetation work at the site (see attached estimate). We also have revised the seedmix costs somewhat to reflect current seed costs. Based upon this revised estimate, the Division would need to retain \$23,200. The amount of \$9,300 (plus accrued interest) would be subject for release after the Division determines that the remaining reclamation tasks have been successfully completed, following receipt of a formal request for release from North Lily.

The Division has extended the timeframe to complete reclamation task #17 (ripping, composted manure application, seeding) from November 9th to November 26, 2001 (see enclosed revised Reclamation and Closure Plan Schedule). Thank you for your assistance and cooperation to date. We look forward to the completion of the remaining reclamation work this fall. If you have any questions in this regard, please call me, or Wayne Hedberg of my staff at (801) 538-5306 and 538-5286, respectively.

Sincerely,

Mary Ann Wright
Associate Director, Mining

jb
Attachment: Revised Reclamation Cost Estimate
Revised Reclamation/Closure Plan Schedule
cc: Dennis Frederick, DWQ
Bob Bayer, JBR
Wayne Hedberg, DOGM
Doug Jensen, DOGM
M23-07.Bondrequest.doc

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Exhibit A - Stipulation and Consent Order
North Lily Mining Company - M/023/007

Reclamation and Closure Plan Schedule NORTH LILY MINING COMPANY Silver City, Utah Heap Leach Facility (Revised 11/01/01)			
	Component	Start Date	Anticipated Completion Date
1.	All reclamation/closure work to be completed except for facilities/features required for post closure monitoring (or post closure fluid management system).		December 31
2.	Construct Post-Closure Fluid Management System	4/01/01	5/15/01
Assessment Review & Schedule Readjustment (Conf. Call)			<i>January 23/01</i>
3.	Inventory and Dispose of Salvageable, Recyclable, and Unusable Materials 2.1 Inventory 2.2 Disposal	July 10, 2000 July 30, 2000	3/30/01 DONE
4.	Acquire permit from Division of Solid and Hazardous Waste for use of barren pond for construction waste	4/12/01	5/07/01
Onsite Mill Building Materials Inventory (JBR/OGM/DWQ)			<i>February 1/01</i>
Assessment Review & Schedule Readjustment (Conf. Call)			<i>February 6/01</i>
Assessment Review & Schedule Readjustment (Conf. Call)			<i>February 20/01</i>
Assessment Review & Schedule Readjustment (Conf. Call)			<i>March 6/01</i>
5.	Relocating the electrical mcc.		3/16/01
6.	Dismantling and removal of the process building.	4/1/01	5/15/01
Assessment Review & Schedule Readjustment (Conf. Call)			<i>March 19/01</i>
7.	Removal of all saleable or salvageable equipment and materials from process building in preparation of the demolition of this building.	4/1/01	5/18/01 <i>removal and temporary storage in parking lot if necessary</i>
8.	Removal of LP gas tank, water tank and electrical support for office trailer, prepare trailer for removal.	4/1/01	5/22/01
Assessment Review & Schedule Readjustment (Conf. Call)			<i>April 3/01</i>

9.	Place debris in barren pond and close.	4/12/01	5/22/01
10.	Disposal of steel tanks (including caustic tank) and all saleable equipment, if the equipment cannot be sold in a timely manner it should be removed to an off-site storage yard.	4/15/01	5/15/01
Assessment Review & Schedule Readjustment (Conf. Call)			<i>April 17/01</i>
11.	Installation of sediment sump near pad margin and connect to existing fluid management system.	4/19/01	5/29/01
12.	Installation of collection system and piping to facilitate change-over to gravity feed system for fluid management system.	4/30/01	5/29/01
Assessment Review & Schedule Readjustment (Conf. Call)			<i>May 1/01</i>
13.	Regrading & recontouring of Pregnant, Barren and Overflow ponds, mill site and any other disturbed areas within the project area.	5/1/01	5/31/01
14.	Shutdown and remove pumping system from the pregnant pond.	5/7/01	5/31/01
15.	Removal of the electrical mcc.	5/14/01	5/31/01
Assessment Review & Schedule Readjustment (Conf. Call)			<i>May 15/01</i>
16.	Demolition and removal of the generator/oil storage shed.	5/1/01	5/4/01 COMPLETE
Assessment Review & Schedule Readjustment (Conf. Call)			<i>May 29/01</i>
Assessment Review & Schedule Readjustment (Conf. Call)			<i>June 12/01</i>
On-site Review			<i>June 26/01</i>
17.	Ripping, composted manure application, seeding	10/29/01	11/26/01

Revised Bond Estimate (11/01/01)

	Acres/Unit	Cost/acre	Total	
Disc	12.3	50	615	
Manure	12.3	150	1845	Manure on heap at 5 T/acre
Seeding	12.3	175	2152.5	
Mobilization	1	1000	1000	
Supervision	3	372	1116	
Monitoring/Analysis	5	1500	7500	
Reporting, site management	5	1000	5000	
Subtotal			19228.5	
10% Contingency			1922.85	
Subtotal			21151.35	
Escalation 3 yrs @ 3.13%/yr			2048.92	
Total			\$23200.28	Bond Amount to be retained by DOGM.

\$32,500	(existing bond amount)
<u>-23,200</u>	(amount to be retained)
9,300	(residual amount + interest)